

SSB 5081 - H COMM AMD  
By Committee on State Government

NOT ADOPTED 4/15/2015

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.88  
4 RCW to read as follows:

5 (1) In order to facilitate public inspection of state collective  
6 bargaining agreements, the office of financial management must  
7 maintain a web site that is accessible to the public of all  
8 agreements collectively bargained under the authority of chapters  
9 41.80 and 47.64 RCW and RCW 41.56.026, 41.56.028, 41.56.029,  
10 41.56.473, 41.56.510, and 74.39A.270.

11 (2) The web site must be updated within sixty days of  
12 implementation of any agreement or revisions to an agreement.

13 (3) No later than January 1, 2016, the information under this  
14 section must be incorporated into the state expenditure information  
15 web site maintained by the legislative evaluation and accountability  
16 program committee under RCW 44.48.150.

17 **Sec. 2.** RCW 43.82.150 and 2007 c 506 s 7 are each amended to  
18 read as follows:

19 (1) The office of financial management shall develop and maintain  
20 an inventory system to account for all owned or leased facilities  
21 utilized by state government. At a minimum, the inventory system must  
22 include the facility owner, location, type, condition, and size of  
23 each facility. In addition, for owned facilities, the inventory  
24 system must include the date and cost of original construction and  
25 the cost of any major remodeling or renovation. The inventory must be  
26 updated by June 30th of each year. The office of financial management  
27 shall publish a report summarizing information contained in the  
28 inventory system for each agency by October 1st of each year,  
29 beginning in 2010 and shall submit this report to the appropriate  
30 fiscal committees of the legislature.

31 (2) All agencies, departments, boards, commissions, and  
32 institutions of the state of Washington shall provide to the office

1 of financial management a complete inventory of owned and leased  
2 facilities by September 1, 2010. The inventory must be updated and  
3 submitted to the office of financial management by September 1st of  
4 each subsequent year. The inventories required under this subsection  
5 must be submitted in a standard format prescribed by the office of  
6 financial management.

7 (3) The office of financial management shall report to the  
8 legislature by September 1, 2008, on recommended improvements to the  
9 inventory system, redevelopment costs, and an implementation schedule  
10 for the redevelopment of the inventory system. The report shall also  
11 make recommendations on other improvements that will improve  
12 accountability and assist in the evaluation of budget requests and  
13 facility management by the governor and the legislature.

14 (4) No later than January 1, 2016, the inventory under this  
15 section must be incorporated into the state expenditure information  
16 web site maintained by the legislative evaluation and accountability  
17 program committee under RCW 44.48.150.

18 (5) For the purposes of this section, "facilities" means  
19 buildings and other structures with walls and a roof. "Facilities"  
20 does not mean roads, bridges, parking areas, utility systems, and  
21 other similar improvements to real property.

22 **Sec. 3.** RCW 39.26.140 and 2012 c 224 s 16 are each amended to  
23 read as follows:

24 (1) Agencies must submit sole source contracts to the department  
25 and make the contracts available for public inspection not less than  
26 ten working days before the proposed starting date of the contract.  
27 Agencies must provide documented justification for sole source  
28 contracts to the department when the contract is submitted, and must  
29 include evidence that the agency posted the contract opportunity at a  
30 minimum on the state's enterprise vendor registration and bid  
31 notification system.

32 (2) The department must approve sole source contracts before any  
33 such contract becomes binding and before any services may be  
34 performed or goods provided under the contract. These requirements  
35 shall also apply to all sole source contracts except as otherwise  
36 exempted by the director.

37 (3) The director may provide an agency an exemption from the  
38 requirements of this section for a contract or contracts. Requests  
39 for exemptions must be submitted to the director in writing.

1 (4) Contracts awarded by institutions of higher education from  
2 nonstate funds are exempt from the requirements of this section.

3 (5) No later than January 1, 2016, the department must maintain a  
4 web site of sole source contracts that is accessible to the public to  
5 enable inspection as required in subsection (1) of this section.

6 **Sec. 4.** RCW 39.26.150 and 2012 c 224 s 17 are each amended to  
7 read as follows:

8 (1) Agencies must provide public notice for all competitive  
9 solicitations. Agencies must post all contract opportunities on the  
10 state's enterprise vendor registration and bid notification system.  
11 In addition, agencies may notify contractors and potential bidders by  
12 sending notices by mail, electronic transmission, newspaper  
13 advertisements, or other means as may be appropriate.

14 (2) Agencies should try to anticipate changes in a requirement  
15 before the bid submittal date and to provide reasonable notice to all  
16 prospective bidders of any resulting modification or cancellation.  
17 If, in the opinion of the agency, it is not possible to provide  
18 reasonable notice, the submittal date for receipt of bids may be  
19 postponed and all bidders notified.

20 (3) No later than January 1, 2016, the department must maintain a  
21 web site of all current contract opportunities on the state's  
22 enterprise vendor registration and bid notification system that is  
23 accessible to the public without requiring registration as a vendor  
24 or other entity within the system.

25 **Sec. 5.** RCW 39.26.200 and 2013 2nd sp.s. c 34 s 1 are each  
26 amended to read as follows:

27 (1)(a) The director shall provide notice to the contractor of the  
28 director's intent to debar with the specific reason for the  
29 debarment. The department must establish the debarment process by  
30 rule.

31 (b) After reasonable notice to the contractor and reasonable  
32 opportunity for that contractor to be heard, the director has the  
33 authority to debar a contractor for cause from consideration for  
34 award of contracts. The debarment must be for a period of not more  
35 than three years.

36 (2) The director may debar a contractor based on a finding of one  
37 or more of the following causes:

1 (a) Conviction for commission of a criminal offense as an  
2 incident to obtaining or attempting to obtain a public or private  
3 contract or subcontract, or in the performance of such contract or  
4 subcontract;

5 (b) Conviction or a final determination in a civil action under  
6 state or federal statutes of fraud, embezzlement, theft, forgery,  
7 bribery, falsification or destruction of records, receiving stolen  
8 property, violation of the federal false claims act, 31 U.S.C. Sec.  
9 3729 et seq., or the state medicaid fraud false claims act, chapter  
10 74.66 RCW, or any other offense indicating a lack of business  
11 integrity or business honesty that currently, seriously, and directly  
12 affects responsibility as a state contractor;

13 (c) Conviction under state or federal antitrust statutes arising  
14 out of the submission of bids or proposals;

15 (d) Two or more violations within the previous five years of the  
16 federal labor relations act as determined by the national labor  
17 relations board or court of competent jurisdiction;

18 (e) Violation of contract provisions, as set forth in this  
19 subsection, of a character that is regarded by the director to be so  
20 serious as to justify debarment action:

21 (i) Deliberate failure without good cause to perform in  
22 accordance with the specifications or within the time limit provided  
23 in the contract; or

24 (ii) A recent record of failure to perform or of unsatisfactory  
25 performance in accordance with the terms of one or more contracts,  
26 however the failure to perform or unsatisfactory performance caused  
27 by acts beyond the control of the contractor may not be considered to  
28 be a basis for debarment;

29 (f) Violation of ethical standards set forth in RCW 39.26.020;  
30 and

31 (g) Any other cause the director determines to be so serious and  
32 compelling as to affect responsibility as a state contractor,  
33 including debarment by another governmental entity for any cause  
34 listed in regulations.

35 (3) The director must issue a written decision to debar. The  
36 decision must:

37 (a) State the reasons for the action taken; and

38 (b) Inform the debarred contractor of the contractor's rights to  
39 judicial or administrative review.

1       (4) No later than January 1, 2016, the department must maintain a  
2 web site of all contractors currently debarred by the director that  
3 is accessible to the public.

4       **Sec. 6.** RCW 39.26.210 and 2012 c 224 s 23 are each amended to  
5 read as follows:

6       (1) Agencies must annually submit to the department a list of all  
7 contracts that the agency has entered into or renewed. "Contracts,"  
8 for the purposes of this section, does not include purchase orders.  
9 The department must maintain a web site with a publicly available  
10 list of all contracts entered into by agencies during each fiscal  
11 year, except that contracts for the employment of expert witnesses  
12 for the purposes of litigation shall not be made publicly available  
13 to the extent that information is exempt from disclosure under state  
14 law. Except as otherwise exempt, the data must identify the  
15 contracting agency, the contractor, the purpose of the contract,  
16 effective dates and periods of performance, the cost of the contract  
17 and funding source, any substantive modifications to the contract,  
18 and whether the contract was competitively procured or awarded on a  
19 sole source basis.

20       (2) The department may conduct audits of its master contracts and  
21 convenience contracts to ensure that the contractor is in compliance  
22 with the contract terms and conditions, including but not limited to  
23 providing only the goods and services specified in the contract at  
24 the contract price.

25       NEW SECTION. **Sec. 7.** A new section is added to chapter 44.48  
26 RCW to read as follows:

27       By January 1, 2016, in collaboration with the department of  
28 enterprise services, the legislative evaluation and accountability  
29 program committee must establish and make available to the public a  
30 state contracting information web site. The web site must direct the  
31 public to existing databases and web sites of current contracting  
32 opportunities, sole source contract inspection opportunities,  
33 debarred contractors, the inventory of state agency contracts entered  
34 into or renewed, minority and women-owned business contracting  
35 performance and compliance under section 10 of this act, the list of  
36 performance-based incentives, bonuses or awards paid under contract  
37 under section 11 of this act, and any other information that will  
38 increase public accessibility to state contracting opportunities or

1 expenditures. If determined feasible and efficient, the legislative  
2 evaluation and accountability program committee may host department  
3 of enterprise services web sites related to state agency contracts or  
4 publish existing databases in different forms and formats to increase  
5 public accessibility to the information.

6 NEW SECTION. **Sec. 8.** A new section is added to chapter 44.48  
7 RCW to read as follows:

8 (1) In order to facilitate transparency and accessibility to  
9 state expenditures to other public entities, no later than September  
10 30th of each year, the following agencies must report to the  
11 legislative evaluation and accountability program committee the  
12 amount of funds distributed or expended in the prior fiscal year for  
13 each local government or other entity for the following programs and  
14 expenditures:

15 (a) Administrative office of the courts:

16 (i) State contributions for county superior court judge salaries  
17 and benefits;

18 (ii) County legal financial obligation grants under RCW 2.56.190;

19 (iii) Court-appointed special advocate coordinator grants;

20 (iv) Court interpreter assistance reimbursements under RCW  
21 2.42.120(7) and 2.43.040(5);

22 (v) State contributions for district court judges and qualifying  
23 elected municipal court judge salaries under RCW 2.56.030(22);

24 (vi) Family and juvenile court improvement grants under RCW  
25 2.56.230; and

26 (vii) Distributions to counties and/or county juvenile court  
27 administrators to fund the costs of processing truancy, children in  
28 need of services, and at-risk youth petitions.

29 (b) Office of public defense:

30 (i) Parents representation program costs; and

31 (ii) Public defense improvement grants under chapter 10.101 RCW.

32 (c) Department of retirement systems: State contributions to the  
33 law enforcement officers' and firefighters' retirement system  
34 reported separately for each employer, based on the compensation  
35 reported by that employer.

36 (d) Secretary of state: Reimbursements to counties for the  
37 state's share of primary and general election costs and the costs of  
38 conducting mandatory recounts on state measures in odd-numbered year  
39 elections.

- 1 (e) Military department:
- 2 (i) Financial assistance to counties to replace analog 911  
3 telephone and network equipment with next generation 911 capable  
4 technology; and
- 5 (ii) Financial assistance to counties under contract for expenses  
6 authorized for reimbursement under RCW 38.52.540 and 38.52.545.
- 7 (f) Department of commerce:
- 8 (i) Vehicle electrification demonstration grants under RCW  
9 43.325.110;
- 10 (ii) Growth management act grants;
- 11 (iii) Energy efficiency and solar grants to local governments,  
12 institutions of higher education, and state agencies; and
- 13 (iv) Victim/witness assistance programs under RCW 7.68.035.
- 14 (g) Criminal justice training center: Cost of cadet basic law  
15 enforcement academy training.
- 16 (2) State agencies must collaborate with the legislative  
17 evaluation and accountability program committee and the appropriate  
18 fiscal committees of the legislature to determine a method to assign  
19 a distribution amount by entity in those instances when the amount or  
20 entity is not readily identifiable. The method used must be disclosed  
21 in the description of the distribution. The legislative evaluation  
22 and accountability program committee may allow the report required in  
23 subsection (1) of this section be provided in alternative forms, such  
24 as extracting expenditure data from the state's accounting and  
25 financial reporting systems.
- 26 (3) In their report to the legislative evaluation and  
27 accountability program committee, state agencies must provide a brief  
28 description of any changes to the program or expenditure from its  
29 prior report that affects distribution eligibility or methodology.

30 **Sec. 9.** RCW 41.06.133 and 2011 1st sp.s. c 43 s 407 and 2011 1st  
31 sp.s. c 39 s 5 are each reenacted and amended to read as follows:

32 (1) The director shall adopt rules, consistent with the purposes  
33 and provisions of this chapter and with the best standards of  
34 personnel administration, regarding the basis and procedures to be  
35 followed for:

- 36 (a) The reduction, dismissal, suspension, or demotion of an  
37 employee;
- 38 (b) Training and career development;

1 (c) Probationary periods of six to twelve months and rejections  
2 of probationary employees, depending on the job requirements of the  
3 class, except as follows:

4 (i) Entry-level state park rangers shall serve a probationary  
5 period of twelve months; and

6 (ii) The probationary period of campus police officer appointees  
7 who are required to attend the Washington state criminal justice  
8 training commission basic law enforcement academy shall extend from  
9 the date of appointment until twelve months from the date of  
10 successful completion of the basic law enforcement academy, or twelve  
11 months from the date of appointment if academy training is not  
12 required. The director shall adopt rules to ensure that employees  
13 promoting to campus police officer who are required to attend the  
14 Washington state criminal justice training commission basic law  
15 enforcement academy shall have the trial service period extend from  
16 the date of appointment until twelve months from the date of  
17 successful completion of the basic law enforcement academy, or twelve  
18 months from the date of appointment if academy training is not  
19 required;

20 (d) Transfers;

21 (e) Promotional preferences;

22 (f) Sick leaves and vacations;

23 (g) Hours of work;

24 (h) Layoffs when necessary and subsequent reemployment, except  
25 for the financial basis for layoffs;

26 (i) The number of names to be certified for vacancies;

27 (j) Subject to RCW 41.04.820, adoption and revision of a state  
28 salary schedule to reflect the prevailing rates in Washington state  
29 private industries and other governmental units. The rates in the  
30 salary schedules or plans shall be increased if necessary to attain  
31 comparable worth under an implementation plan under RCW 41.06.155  
32 and, for institutions of higher education and related boards, shall  
33 be competitive for positions of a similar nature in the state or the  
34 locality in which an institution of higher education or related board  
35 is located. Such adoption and revision is subject to approval by the  
36 director of financial management in accordance with chapter 43.88  
37 RCW;

38 (k) Increment increases within the series of steps for each pay  
39 grade based on length of service for all employees whose standards of  
40 performance are such as to permit them to retain job status in the



1 classified service. From February 18, 2009, through June 30, 2013, a  
2 salary or wage increase shall not be granted to any exempt position  
3 under this chapter, except that a salary or wage increase may be  
4 granted to employees pursuant to collective bargaining agreements  
5 negotiated under chapter 28B.52, 41.56, 47.64, or 41.76 RCW, and  
6 except that increases may be granted for positions for which the  
7 employer has demonstrated difficulty retaining qualified employees if  
8 the following conditions are met:

9 (i) The salary increase can be paid within existing resources;

10 (ii) The salary increase will not adversely impact the provision  
11 of client services; and

12 (iii) For any state agency of the executive branch, not including  
13 institutions of higher education, the salary increase is approved by  
14 the director of the office of financial management;

15 Any agency granting a salary increase from February 15, 2010,  
16 through June 30, 2011, to a position exempt under this chapter shall  
17 submit a report to the fiscal committees of the legislature no later  
18 than July 31, 2011, detailing the positions for which salary  
19 increases were granted, the size of the increases, and the reasons  
20 for giving the increases;

21 Any agency granting a salary increase from July 1, 2011, through  
22 June 30, 2013, to a position exempt under this chapter shall submit a  
23 report to the fiscal committees of the legislature by July 31, 2012,  
24 and July 31, 2013, detailing the positions for which salary increases  
25 were granted during the preceding fiscal year, the size of the  
26 increases, and the reasons for giving the increases;

27 (l) Optional lump sum relocation compensation approved by the  
28 agency director, whenever it is reasonably necessary that a person  
29 make a domiciliary move in accepting a transfer or other employment  
30 with the state. An agency must provide lump sum compensation within  
31 existing resources. If the person receiving the relocation payment  
32 terminates or causes termination with the state, for reasons other  
33 than layoff, disability separation, or other good cause as determined  
34 by an agency director, within one year of the date of the employment,  
35 the state is entitled to reimbursement of the lump sum compensation  
36 from the person;

37 (m) Providing for veteran's preference as required by existing  
38 statutes, with recognition of preference in regard to layoffs and  
39 subsequent reemployment for veterans and their surviving spouses by  
40 giving such eligible veterans and their surviving spouses additional

1 credit in computing their seniority by adding to their unbroken state  
2 service, as defined by the director, the veteran's service in the  
3 military not to exceed five years. For the purposes of this section,  
4 "veteran" means any person who has one or more years of active  
5 military service in any branch of the armed forces of the United  
6 States or who has less than one year's service and is discharged with  
7 a disability incurred in the line of duty or is discharged at the  
8 convenience of the government and who, upon termination of such  
9 service, has received an honorable discharge, a discharge for  
10 physical reasons with an honorable record, or a release from active  
11 military service with evidence of service other than that for which  
12 an undesirable, bad conduct, or dishonorable discharge shall be  
13 given. However, the surviving spouse of a veteran is entitled to the  
14 benefits of this section regardless of the veteran's length of active  
15 military service. For the purposes of this section, "veteran" does  
16 not include any person who has voluntarily retired with twenty or  
17 more years of active military service and whose military retirement  
18 pay is in excess of five hundred dollars per month.

19 (2) Rules adopted under this section by the director shall  
20 provide for local administration and management by the institutions  
21 of higher education and related boards, subject to periodic audit and  
22 review by the director.

23 (3) Rules adopted by the director under this section may be  
24 superseded by the provisions of a collective bargaining agreement  
25 negotiated under RCW 41.80.001 and 41.80.010 through 41.80.130. The  
26 supersession of such rules shall only affect employees in the  
27 respective collective bargaining units.

28 (4)(a) The director shall require that each state agency report  
29 annually the following data:

30 (i) The number of classified, Washington management service, and  
31 exempt employees in the agency and the change compared to the  
32 previous report;

33 (ii) The number of bonuses and performance-based incentives  
34 awarded to agency staff and the base wages of such employees; and

35 (iii) The cost of each bonus or incentive awarded.

36 (b) A report that compiles the data in (a) of this subsection for  
37 all agencies will be provided annually to the governor and the  
38 appropriate committees of the legislature and must be posted for the  
39 public on the office of financial management's agency web site.

1 (c) No later than January 1, 2016, the report must be  
2 incorporated into the state expenditure information web site  
3 maintained by the legislative evaluation and accountability program  
4 committee under RCW 44.48.150.

5 (5) From February 15, 2010, until June 30, 2013, no monetary  
6 performance-based awards or incentives may be granted by the director  
7 or employers to employees covered by rules adopted under this  
8 section. This subsection does not prohibit the payment of awards  
9 provided for in chapter 41.60 RCW.

10 From July 1, 2011, until June 30, 2013, no performance-based  
11 awards or incentives may be granted by the director or employers to  
12 employees pursuant to a performance management confirmation granted  
13 by the department of personnel under WAC 357-37-055.

14 **Sec. 10.** RCW 39.19.060 and 1996 c 288 s 28 are each amended to  
15 read as follows:

16 (1) Each state agency and educational institution shall comply  
17 with the annual goals established for that agency or institution  
18 under this chapter for public works and procuring goods or services.  
19 This chapter applies to all public works and procurement by state  
20 agencies and educational institutions, including all contracts and  
21 other procurement under chapters 28B.10, 39.04, (~~39.29~~) 39.26,  
22 43.19, and 47.28 RCW.

23 (2) Each state agency shall adopt a plan, developed in  
24 consultation with the director and the advisory committee, to insure  
25 that minority and women-owned businesses are afforded the maximum  
26 practicable opportunity to directly and meaningfully participate in  
27 the execution of public contracts for public works and goods and  
28 services. The plan shall include specific measures the agency will  
29 undertake to increase the participation of certified minority and  
30 women-owned businesses.

31 (3) Of all state agencies and educational institutions, the  
32 office must annually identify those: (a) In the lowest quintile of  
33 utilization of minority and women-owned contractors as a percentage  
34 of all contracts issued by the agency; (b) in the lowest quintile of  
35 the dollar value awarded to minority and women-owned contractors as a  
36 percentage of the dollar value of all contracts issued by the agency;  
37 and (c) that are performing significantly below their established  
38 goals, as determined by the office. The office must meet with each

1 identified agency to review its plan and identify available tools and  
2 actions for increasing participation.

3 (4) The office shall annually notify the governor, the state  
4 auditor, and the joint legislative audit and review committee of all  
5 agencies and educational institutions not in compliance with this  
6 chapter.

7 (5) No later than January 1, 2016, the office must maintain a web  
8 site of the information compiled in subsection (3) of this section  
9 and the list of agencies and educational institutions not in  
10 compliance with this chapter that is accessible to the public.

11 NEW SECTION. Sec. 11. A new section is added to chapter 39.26  
12 RCW to read as follows:

13 Agencies must annually submit to the department a list of  
14 performance-based incentives, bonuses, or awards paid under contract  
15 to contractors. "Contracts," for the purposes of this section, does  
16 not include purchase orders. The department must maintain the web  
17 site with a publicly available list of all performance-based  
18 incentives, bonuses, or awards paid under contract to contractors by  
19 agencies during each fiscal year, except that contracts for the  
20 employment of expert witnesses for the purposes of litigation shall  
21 not be made publicly available to the extent that information is  
22 exempt from disclosure under state law. Except as otherwise exempt,  
23 the data must identify the contracting agency; the contractor; the  
24 purpose of the contract; effective dates and periods of performance;  
25 a description of the performance incentive, bonus, or award clause;  
26 and the amount paid.

27 NEW SECTION. Sec. 12. A new section is added to chapter 43.88  
28 RCW to read as follows:

29 (1) In order to facilitate public understanding, the office of  
30 financial management must prepare summaries of compensation and  
31 fringe benefits provided to nonrepresented employees of executive  
32 branch agencies, excluding institutions of higher education. A  
33 summary must be prepared for employees who are members of the  
34 Washington management service and a separate summary must be prepared  
35 for employees who are exempt from civil service. The summaries must  
36 contain the following information:

37 (a) The number of employees by agency as of the month in which  
38 the information is posted;

- 1 (b) Base compensation;
- 2 (c) Eligibility for and rate of overtime pay;
- 3 (d) Eligibility for and rate of compensatory time;
- 4 (e) Eligibility for and rate of any other compensation, including  
5 but not limited to shift premium pay, on-call pay, standby pay,  
6 assignment pay, special pay, or employer-provided housing or meals;
- 7 (f) Eligibility for and rate of pay for each paid leave  
8 provision;
- 9 (g) Eligibility for and rate of pay for any cash out provisions  
10 for compensatory time or paid leave;
- 11 (h) Temporary layoff provision;
- 12 (i) Employer and employee health care benefits expressed as a  
13 percentage of cost or as a dollar amount; and
- 14 (j) A brief description of each component and the biennial cost  
15 of any across-the-board increase in compensation and fringe benefits.
- 16 (2) Information may include links to salary schedules, pay  
17 ranges, and other information on state or federal agency web sites to  
18 summarize information.
- 19 (3) The first summaries must be posted on the office's web site  
20 within sixty days of the beginning of each fiscal biennium. The  
21 summary must be updated each fiscal biennium thereafter or whenever  
22 any action is taken that affects subsection (1)(b) through (j) of  
23 this section.
- 24 (4) No later than January 1, 2016, the information under this  
25 section must be incorporated into the state expenditure information  
26 web site maintained by the legislative evaluation and accountability  
27 program committee under RCW 44.48.150.

28 NEW SECTION. **Sec. 13.** A new section is added to chapter 39.26  
29 RCW to read as follows:

30 (1) In order to facilitate public understanding of state  
31 expenditures related to vendors, prior to issuing a solicitation for  
32 the purchase of services from a private sector vendor or nonprofit  
33 organization for services that have been customarily and historically  
34 provided by a public employee or employees, an agency must conduct a  
35 comprehensive cost to benefit assessment that either identifies a  
36 savings improvement or an efficiency improvement that is greater than  
37 the additional cost to purchase the service.

1 (a) To assist the agency in determining whether the decision to  
2 contract out is beneficial, the comprehensive assessment must include  
3 the following:

4 (i) An estimate of the cost of performance of the service by  
5 public employees including the fully allocated costs of the service,  
6 the cost of the employees' salaries and benefits, space, equipment,  
7 materials, and other costs necessary to perform the function. The  
8 estimate shall not include the state's indirect overhead costs unless  
9 those costs can be attributed directly to the function in question  
10 and would not exist if that function were not performed in state  
11 service;

12 (ii) An estimate of the cost of performance of the services if  
13 contracted out, including the cost of allocating sufficient public  
14 employee staff time and resources to monitor the contract and ensure  
15 its proper performance by the vendor; and

16 (iii) A statement of the performance objectives to be achieved by  
17 contracting with a private sector or nonprofit vendor.

18 (b) The comprehensive assessment may also include an assessment  
19 of the potential adverse impacts on the public from outsourcing the  
20 contract, such as loss of employment, effect on social services and  
21 public assistance programs, economic impacts on local businesses and  
22 local tax revenues, and environmental impacts.

23 (2)(a) An agency must prepare a written record of the basis of  
24 the decision to contract out a service that has been customarily and  
25 historically provided by public employees, which must include the  
26 comprehensive cost to benefit assessment required under subsection  
27 (1) of this section, as well as an itemization of performance  
28 standards contained in the contract. The written record shall be  
29 submitted for posting on the department's web site.

30 (b) Every five years or upon completion of the contract,  
31 whichever comes first, the agency must prepare and file with the  
32 department a report, which must include at a minimum the following  
33 information:

34 (i) Documentation of the vendor's performance as measured by the  
35 itemized performance standards;

36 (ii) Itemization of any contract extensions or change orders that  
37 resulted in a change in the dollar value or cost of the contract; and

38 (iii) A report of any remedial actions that were taken to enforce  
39 compliance with the contract, together with an estimate of the cost  
40 incurred by the public in enforcing such compliance.

1 (3) In addition to any other terms required by law, the terms of  
2 any agreement to contract out a service that has been customarily and  
3 historically provided by public employees must include the following:

4 (a) A cancellation clause allowing the state agency to cancel a  
5 contract if the vendor fails to meet quality standards or budget  
6 specifications;

7 (b) Terms ensuring periodic review of performance of the  
8 contract;

9 (c) Terms requiring the vendor to compensate the agency for  
10 public sector employees' hours expended in achieving full performance  
11 of a contract that has failed inspection, that the contractor has  
12 failed to complete on schedule, or that has not been completed in a  
13 manner that is consistent with quality standards;

14 (d) A term requiring the vendor to make available to the agency  
15 the following information at the start of the contract's term and  
16 updated each fiscal year:

17 (i) The name and license number, if applicable, of the contractor  
18 and all subcontractors; and

19 (ii) A list of individuals or entities performing the services  
20 under the contract, reflected as full-time equivalent positions,  
21 including the hourly wage rate for each position, and the status of  
22 the individual as an employee, subcontractor, independent contractor,  
23 or consultant; and

24 (e) A waiver of confidentiality of, and agreement to provide to  
25 the agency upon request, basic financial information related to the  
26 contract, other than financial, commercial, or proprietary  
27 information specifically exempted from disclosure to the public under  
28 RCW 42.56.270.

29 **Sec. 14.** RCW 43.19.008 and 2011 1st sp.s. c 43 s 104 are each  
30 amended to read as follows:

31 (1) The executive powers and management of the department shall  
32 be administered as described in this section.

33 (2) The executive head and appointing authority of the department  
34 is the director. The director is appointed by the governor, subject  
35 to confirmation by the senate. The director serves at the pleasure of  
36 the governor. The director is paid a salary fixed by the governor in  
37 accordance with RCW 43.03.040. If a vacancy occurs in the position of  
38 director while the senate is not in session, the governor shall make  
39 a temporary appointment until the next meeting of the senate at which

1 time he or she shall present to that body his or her nomination for  
2 the position.

3 (3) The director may employ staff members, who are exempt from  
4 chapter 41.06 RCW, and any additional staff members as are necessary  
5 to administer this chapter, and such other duties as may be  
6 authorized by law. The director may delegate any power or duty vested  
7 in him or her by chapter 43, Laws of 2011 1st sp. sess. or other law,  
8 including authority to make final decisions and enter final orders in  
9 hearings conducted under chapter 34.05 RCW.

10 (4) The internal affairs of the department are under the control  
11 of the director in order that the director may manage the department  
12 in a flexible and intelligent manner as dictated by changing  
13 contemporary circumstances. Unless specifically limited by law, the  
14 director has complete charge and supervisory powers over the  
15 department. The director may create the administrative structures as  
16 the director deems appropriate, except as otherwise specified by law,  
17 and the director may employ personnel as may be necessary in  
18 accordance with chapter 41.06 RCW, except as otherwise provided by  
19 law.

20 (5) Until June 30, 2018, at the beginning of each fiscal  
21 biennium, the office of financial management shall conduct a review  
22 of the programs and services that are performed by the department to  
23 determine whether the program or service may be performed by the  
24 private sector in a more cost-efficient and effective manner than  
25 being performed by the department. In conducting this review, the  
26 office of financial management shall:

27 (a) Examine the existing activities currently being performed by  
28 the department, including but not limited to an examination of  
29 services for their performance, staffing, capital requirements, and  
30 mission. Programs may be broken down into discrete services or  
31 activities or reviewed as a whole; and

32 (b) Examine the activities to determine which specific services  
33 are available in the marketplace and what potential for efficiency  
34 gains or savings exist.

35 (i) As part of the review in this subsection (5), the office of  
36 financial management shall select up to six activities or services  
37 that have been determined as an activity that may be provided by the  
38 private sector in a cost-effective and efficient manner, including  
39 for the 2011-2013 fiscal biennium the bulk printing services. The  
40 office of financial management may consult with affected industry



1 stakeholders in making its decision on which activities to contract  
2 for services. Priority for selection shall be given to agency  
3 activities or services that are significant, ongoing functions.

4 (ii) The office of financial management must consider the  
5 consequences and potential mitigation of improper or failed  
6 performance by the contractor.

7 (iii) For each of the selected activities, the department shall  
8 use a request for information, request for proposal, or other  
9 procurement process to determine if a contract for the activity would  
10 result in the activity being provided at a reduced cost and with  
11 greater efficiency. This must include, but is not limited to,  
12 consideration of the cost of the agency staff time and resources that  
13 may be required to monitor and ensure proper performance of the  
14 contract by the vendor.

15 (iv) The request for information, request for proposal, or other  
16 procurement process must contain measurable standards for the  
17 performance of the contract.

18 (v) The department may contract with one or more vendors to  
19 provide the service as a result of the procurement process.

20 (vi) If the office of financial management determines via the  
21 procurement process that the activity cannot be provided by the  
22 private sector at a reduced cost and greater efficiency, the  
23 department of enterprise services may cancel the procurement without  
24 entering into a contract and shall promptly notify the legislative  
25 fiscal committees of such a decision.

26 (vii) The department of enterprise services, in consultation with  
27 the office of financial management, must establish a contract  
28 monitoring process to measure contract performance, costs, service  
29 delivery quality, and other contract standards, and to cancel  
30 contracts that do not meet those standards. No contracts may be  
31 renewed without a review of these measures.

32 (viii) The office of financial management shall prepare a  
33 biennial report summarizing the results of the examination of the  
34 agency's programs and services. In addition to the programs and  
35 services examined and the result of the examination, the report shall  
36 provide information on any procurement process that does not result  
37 in a contract for the services. During each regular legislative  
38 session held in odd-numbered years, the legislative fiscal committees  
39 shall hold a public hearing on the report and the department's  
40 activities under this section.

1 (ix) The joint legislative audit and review committee shall  
2 conduct an audit of the implementation of this subsection (5), and  
3 report to the legislature by January 1, 2018, on the results of the  
4 audit. The report must include an analysis and estimate of additional  
5 costs or savings to taxpayers as a result of the contracting out  
6 provisions. This analysis must, at a minimum, include the following:

7 (A) An estimate of the cost of performance of the selected  
8 activities if the activities had been performed by public employees,  
9 including the fully allocated costs of the service, the cost of the  
10 employees' salaries and benefits, space, equipment, materials, and  
11 other costs necessary to perform the function. The estimate shall not  
12 include the state's indirect overhead costs unless those costs can be  
13 attributed directly to the function in question and would not exist  
14 if that function were not performed in state service;

15 (B) An estimate of the cost of performance of the contract by the  
16 vendor, including the cost of any change orders or contract revisions  
17 and the costs of allocating sufficient public employee staff time and  
18 resources to monitor the contract and ensure its proper performance  
19 by the vendor;

20 (C) An analysis of the extent to which performance objectives  
21 were achieved by outsourcing the contract; and

22 (D) An assessment of adverse impacts on the public of outsourcing  
23 the contract."

24 Correct the title.

EFFECT: Removes the provisions requiring the Office of Financial Management to prepare a summary of collective bargaining agreements and to provide links to salary schedules, pay ranges, and other information on state or federal agency web sites when posting the agreements on a web site. Requires agencies to prepare a written record of the basis of the decision and a comprehensive impact assessment when contracting out to purchase services that were formerly provided by public employees. Requires departments that contract out to include the cost of the agency staff time and resources required to monitor and ensure proper performance of the contract by the vendor. Requires that the Joint Legislative Audit and Review Committee's report regarding contracting out to include: An estimate of the cost of performance of the selected activities if the activities had been performed by public employees; an estimate of the cost of performance of the contract by the vendor, including the cost of any change orders or contract revisions and the costs of allocating sufficient public employee staff time and resources to monitor the contract and ensure its proper performance by the vendor; an analysis of the extent to which performance objectives were

achieved by outsourcing the contract; and an assessment of adverse economic impacts on the public of outsourcing the contract.

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